

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF THE)	
ELZIE NEELEY GAS COMPANY, INC.)	CASE NO. 90-076

O R D E R

IT IS ORDERED that Elzie Neeley Gas Company, Inc. ("Elzie Neeley") shall file the original and 9 copies of the following information with this Commission, with a copy to all parties of record. Careful attention should be given to copied material to make certain that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. The information requested herein is due no later than 10 days after the date of this Order.

1. Explain how the test year monthly rent expense of \$350 per month was determined and provide all justification available for this level of rent, including all cost or market basis for the cost.

2. Provide an explanation of how common office costs are allocated among the four businesses operating out of the jointly used office space. Specifically, explain the methodology used to allocate the telephone, electricity, and heating costs of the office.

3. Explain the basis for the level of compensation to Daniel Greer. In this response, specify the salary determination and the responsibilities of the position he now holds.

4. With reference to the Pro-Forma Statement, provide all supporting documentation, calculations and the basis for each adjustment made proving that each requested change is a "known and measurable" change.

5. With regard to events occurring after the end of the test year and included in the Pro-Forma adjustments requested:

a. Provide a detailed record of payment made to Marshall and Stevens. Provide a breakdown between the costs incurred for the reproduction costs appraisal and the appraisal done for estate tax purposes. With regard to these charges, explain what methodology was used to allocate these costs among the parties liable for these charges.

b. Provide details of the arrangement made with regard to the Merrill Lynch account including:

(1) In whose name the account is established.

(2) The person(s) authorized to access the account.

(3) Explain how deposits into the account are made.

(4) Explain how the costs and incomes to and from the account will be allocated among the entities depositing funds into the account.

6. For 1989, show the number of customers at each level of usage, the number of MCF used, and the amount of this bill. Using

this information, set up a comparison of rates in the test year and proposed rates at the same level of gas usage and the total gas revenue produced by each.

7. Based on 1989 MCF purchases, provide normalized purchased gas expense reflecting the most recent purchased gas adjustment.

8. a. Provide support for the proposed \$15 service charge.

b. Provide calculations showing the cost the \$15 is intended to cover.

c. Does Elzie Neeley plan to retain the nonrecurring charges currently in its tariff?

9. a. Provide support as to why the Commission should base rates on a decline in customer level and usage based on just two years of customer loss.

b. Why has Elzie Neeley lost customers?

c. Why has customer usage dropped?

10. Were any customer charges or service charges collected during the test year? If so, indicate the amount attributed to each tariffed non-recurring charge and where that amount is included on the pro forma operating statement.

11. Explain why the "monthly recap" shows penalty and service charge revenue at a greater amount than is shown on the income statement provided with the filing.

12. Explain and provide calculations for the proposed 9,409 MCF gas purchases totalling \$35,055. Provide calculations for the

derivation of the 7,309 shown in footnote 11 to the pro forma 1990.

13. Why are actual MCF gas purchases at a lesser amount than the MCF gas sales for 1989?

14. What has been Elzie Neeley's experience for line losses?

15. How often are customer meters tested? What are the results of the tests for 1989?

16. Has Elzie Neeley encountered any billing problems for purchases from Columbia Gas of Kentucky, Inc. in 1989? If so, please explain and provide calculations for any adjustments made to the bill.

17. a. Provide justification and calculations for the 117 MCF allowance for contingencies.

b. How frequently have such losses actually occurred (i.e., in the last 10 years)?

18. a. Explain the balance in the unrecovered gas cost account.

b. Has this amount been refunded to the customers?

Done at Frankfort, Kentucky, this 29th day of May, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director